



Ohio Valley Electric Corporation – Indiana-Kentucky Electric Corporation Interconnection Requirements

Since its inception in the 1950's, Ohio Valley Electric Corporation (OVEC) and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation (IKEC, both companies together referred to collectively as OVEC), has contracted with American Electric Power Service Corporation (AEP) to perform certain engineering services, including transmission planning, on OVEC's behalf. Because of this close relationship, OVEC follows the AEP Interconnection Requirements.

On December 1, 2018, OVEC was integrated into the PJM RTO as a Transmission Owning member. As such, OVEC also complies with all PJM Interconnection requirements.

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The remainder of this document contains the AEP Interconnection Requirements.



BOUNDLESS ENERGYSM

Standards and Expectations for Siting, Real Estate, Right-of-Way, and Environmental Permitting for Transmission Interconnection Projects

Version - 3

October 31, 2022

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1. PURPOSE

American Electric Power (“AEP”) has a legitimate and vested interest on behalf of itself and its customers to ensure that AEP’s standards are met when an Independent Power Developer (“Developer” or “IPP”) interconnects with AEP’s transmission system. This document outlines the technical standards, requirements, and procedures for siting and permitting facilities as well as for acquiring real estate (“RE”) and right-of-way (“ROW”) that will ultimately be turned over to AEP as part of an interconnection project with AEP’s transmission system.¹ These requirements are in addition to regulatory requirements associated with siting, permitting, RE/ROW acquisition, and the transfer of transmission assets associated with a given interconnection’s specific jurisdiction. These standards are specifically critical during the interconnection process when the Developer exercises the option-to-build necessary interconnection transmission facilities that will ultimately be transferred to AEP (“Option-to-Build”).

AEP’s standards, requirements, best practices, and procedures for siting, permitting, and the acquisition of RE and ROW are critical in AEP’s effort to maintain a reliable and safe transmission system and to ensure a level of consistency across the AEP footprint. Following these standards adhere to AEP’s Safety and Health Philosophy:

No aspect of operations is more important than the health and safety of people. Our customers’ needs are met in harmony with environmental protection.

This approach, with the cooperation of the IPP, supports our priority of environmental stewardship while siting, constructing, and maintaining transmission lines and substations.

Failure to follow these standards, procedures, and technical requirements may result in AEP requiring the Developer to make construction or design modifications, or modify its siting, permitting, RE and/or ROW work at the Developer’s sole cost and expense before AEP will take ownership and/or interconnect with the Developer’s project. If the Developer is unable or unwilling to resolve issues that arise as a result of a failure to coordinate with AEP and to follow the technical procedures, the interconnection of the Developer’s generation project may be delayed or terminated as per terms of the applicable Interconnection Agreement (IA).

If the Developer intends to identify a specific site, acquire RE or ROW, and/or permit a specific location, the Developer must notify AEP of its intent as early in the interconnection process as possible. Failure to timely notify AEP of its intention may result in delays in the interconnection process as well as the asset transfer process.

¹ This document is specific to these topics, and does not include all processes, such as the standards for construction of the facilities and processes for due diligence and transfer of those facilities.

This document is organized into the following sections:

1. Purpose
2. Coordination Requirements
3. Siting Requirements
4. Acquisition of ROW
5. Acquisition of RE in Fee Simple— Substation and Switch Yard Sites
6. Environmental Permits and Compliance

1.1. Relationship to the RTO Interconnection Process

As part of the interconnection process, the Developer will be required to enter into an interconnection agreement (“Interconnection Agreements”) that identifies the specific roles and responsibilities of the parties, and the terms and conditions of the interconnection of the IPP’s project to the transmission system. These requirements are in addition to, and do not supersede Regional Transmission Organization (“RTO”), state, or federal requirements. AEP operates in four RTOs: the Electric Reliability Council of Texas (“ERCOT”), Midcontinent Independent System Operator (“MISO”), PJM, and Southwest Power Pool (“SPP”).

The activities associated with the AEP requirements presented in this document should be performed in parallel with or prior to the RTO interconnection process steps and state and federal jurisdictional regulatory requirements, if applicable. The Developer should contact AEP as early as possible. As allowed by state and local regulations, AEP will provide guidance and standards as needed as the project moves forward. Early coordination efforts to ensure compliance with AEP requirements for siting, permitting, ROW and RE acquisition will greatly reduce the potential for Developer delays.

2. COORDINATION REQUIREMENTS

Approaches and procedures often need to be tailored to the project’s unique challenges, state and local regulations, or RTO requirements. It is therefore difficult to develop requirements that capture every foreseeable issue across AEP’s footprint. Therefore, AEP requires early coordination when possible and practical. Timely coordination will minimize misunderstandings and problems.

Coordination may include, but is not limited to, reviewing the IPP’s proposed: siting methods, outreach strategy, line routes and substation sites, regulatory approvals, or approval plans, permitting strategy, and acquisition strategy. During this coordination, AEP may recommend additional exploratory studies (e.g., geotechnical, environmental field surveys, title searches, access analysis, transformer delivery study) in addition to those required by the RTO and/or the state utility commission. Additional information concerning the siting, permitting, RE, and ROW acquisition process, can be found on the respective RTO website and through their Contact Us page.

3. SITING REQUIREMENTS

3.1. AEP Siting Study Process and Documentation for Transmission and Substation Facilities for Transfer Acceptance

In order to avoid unnecessary delays and costs, the Developer should submit to AEP a transmission line siting study and/or substation site selection study² for interconnection transmission facilities consistent with AEP standards (available upon request) for AEP's review and approval before contacting any landowners to acquire ROW or RE. The Developer's Siting Study(ies) will identify and consider the opportunities and constraints in the study area, present a qualitative and quantitative evaluation of alternative sites and alternative routes considered, document the potential for and consideration of environmental justice concerns, describe the stakeholder engagement and public outreach/input process, and present a logical and legally defensible rationale for the selection of the proposed route and/or site.

AEP's Environmental and Social Justice Policy is located on the Environmental and Social Justice page on AEP.com:

<https://www.aep.com/environment/environmental-social-justice>

AEP's standard is that the route/site selection:

- i. Reasonably minimizes adverse impacts on area RE uses and the natural and cultural environment.
- ii. Allows for construction and operational activities to occur in a timely, safe, and reliable manner.
- iii. Allows for conformance with AEP's required design and operational criteria specified in the Connection Requirements for the AEP Transmission System. This is located in the AEP Transmission Studies and Requirements area on the Required Postings page of AEP.com:
<https://www.aep.com/requiredpostings/AEPTransmissionStudies>
- iv. Minimizes special design requirements and unreasonable costs.

AEP encourages early coordination between the Developer and AEP to ensure consistency of approach. The Developer shall provide AEP with the opportunity to review and provide comments on Developer's Siting Study(ies). ROW/RE acquisition by the Developer is at its own risk of being acceptable for transfer until AEP approves the Siting Study's routes and sites.

Station sites requiring stormwater detention facilities should be suitable in size to self-contain a single entity permitted detention pond or outfall for the station owner in lieu of a comingled multi-site owner permit detention pond(s) scenario. See Sections 5.3 and 6.3 for further details.

² The transmission line siting study and/or substation site selection study is in addition to any studies required by the RTO interconnection process and is not intended to be a replacement of any state utility commission or RTO required documents or studies. The RTOs require the studies for interconnection process; the Developer may need to prepare studies for its regulatory siting applications, but this note is intended to address a process separate from PJM/SPP.

If Developer's project also requires certification through either a state utility commission or local authority for approval (certificate of convenience and necessity, zoning, special use permit, etc.) before it can be transferred to any of AEP's Transmission companies, so that utility proof can be provided to a commission or local authority, the complete application must be provided to AEP for review and approval prior to filing by the Developer. Also, for evidential purposes to regulatory agencies, AEP also requires that any special conditions required in the approval of the Developer's certificate filing be reviewed and approved by AEP prior to final acceptance of the certificate or zoning approval. If AEP is required to obtain certification approval to construct the project, then the Developer will work with AEP as required to develop an application that AEP would file for such certification to construct, and AEP can use for commission or local authority evidence.

3.2. Supporting Documentation

In addition to the Developer's Siting Study, the Developer must complete, and provide to AEP for review, the following:

- a) Maps and drawings showing the location of the proposed site and/or ROW, including depictions of proposed access roads, pull pads, temporary workspaces, potential environmental features, and conservation easements.
- b) List of all property owners, including addresses, of those individuals and entities from whom Developer will be seeking ROW or RE agreements. Include any property owners that an access road or cross-access agreement will be needed.
- c) List of all culturally sensitive areas, including churches, cemeteries, schools, parks, and historic/archaeological sites to be affected by the proposed ROW or within close proximity³ of RE to be acquired.
- d) List of all potential environmental features (and location), environmental Permits and Approvals required, seasonal construction or operational restrictions, and the status of each if not already in progress.
- e) Federal, state, and local regulatory Permits and Approvals, including but not limited to, local building permits, state approvals and/or certificates, environmental permit and compliance requirements and local transportation and access considerations, etc. where applicable. AEP strongly recommends that Developer engage a siting consultant experienced in permitting electric utility high-voltage facilities in the respective state to assist in the applicable state siting and regulatory processes. Any failure to comply with rules, laws, etc. may result in project delays.
- f) A list of all special conditions must be provided for all state/local certifications or permits for tracking and preservation. Per Section 3.1, all special requests or regulatory approval conditions must be approved by AEP.

³ Proximity distances may vary based on state requirements.

- g) Exploratory studies (e.g., geotechnical survey, environmental field surveys, title searches, etc.).
- h) An Equipment Delivery Route Study showing the delivery route and bridge and road limitations. See AEP's station substation site requirements (available upon request).

4. ACQUISITION OF RIGHT-OF-WAY

If Developer must obtain ROW easements for the transmission facilities, Developer shall acquire ROW easements in accordance with AEP policies. Easement acquisition is only appropriate for transmission lines, distribution lines, telecommunication lines, access roads and other appurtenances. Unless otherwise agreed by AEP, AEP requires that substations and switchyards be located on RE that will be transferred to AEP in fee simple ownership (see Section 5 – Acquisition of Real Estate in Fee Simple – Substation/Switch Yard Sites).

ROW width shall be governed by AEP's standards (available upon request). Standard ROW widths may need to be modified to meet operational requirements, but require coordination with AEP engineering staff as well as AEP approval. As examples, modifications may be required to account for: the safe movement of the transmission conductors during high winds; facilitation of the removal of danger trees from the uphill side of the transmission line ROW; or constraint of the ROW in areas of urban development where short span construction is used.

4.1. Form of Easement

- a) Developer may not use existing AEP ROW for any part of their project. AEP does not anticipate granting Developers the right to use existing AEP ROW. Developer should not assume that existing AEP ROW will ever be available to Developer.
- b) Developer shall acquire the ROW by using an AEP approved form easement ("AEP Form Easement"). It is AEP's preference that Developer obtains the ROW in its own name. Developer must ensure that it has the full right and authority to assign and transfer the ROW to AEP.
- c) Developer is not permitted to make any change or alteration to the AEP Form Easement without the prior approval of AEP, in AEP's sole judgment and discretion. Further, Developer is not permitted to make any side agreement to which AEP might later be bound, without the prior approval of AEP, which may be withheld in AEP's sole judgment and discretion.
- d) In the event that Developer must acquire ROW, crossings, occupations, or licenses from any state or federal agency (state natural resource agency, National Park Service, U.S. Forest Service, etc.), or railroad (collectively "Agency") along the proposed route, Developer must obtain AEP's approval prior to agreeing to any terms and conditions with the Agency.

4.2. Landowner Negotiation and Due Diligence

- a) In all dealings with landowners, Developer shall use ethical business and good faith negotiation practices.

- b) As noted in 4.1.c., AEP must approve any language changes to be included in the ROW agreement. AEP must approve, by separate instrument, any landowner special requests (e.g., call before entering, enter at a certain location, stay off land on a specific date, revision of the alignment).
- c) Proper ROW rights must be obtained from all record owners of the property to be affected by the project. A title search must be conducted to determine who is required to sign the documents to convey 100% interest in the ROW.
- d) Developer shall be responsible, at its sole cost and expense, for obtaining all federal, state, and local required Permits and Approvals (hereinafter defined) for the ROW.

4.3. Execution and Recording

- a) Developer is required to attach an Exhibit Drawing that shall meet the minimum requirements for recording. It shall also clearly identify the location and the area of the property encumbered by the ROW easement. Where required, a written legal description for that easement must be included.

When the legal description is metes and bounds, the easement termination locations shall be tied to at least one property corner unless this requirement is waived by AEP. In the event that the requirement is waived, the Exhibit must identify AEP's rights without ambiguity in advance of having the landowner execute the ROW agreement.

- b) The ROW agreement shall not list the consideration paid to the landowner, except in states where such disclosure is required. Developer shall have the landowner execute a separate Easement Payment Schedule, which should list the amount paid for the ROW (acreage acquired multiplied by the per acre price), any damage separately assessed (crop loss, vegetation, or landscape loss), and an acknowledgement from the landowner indicating receipt of said payment. The Easement Payment Schedule shall be provided to AEP with the ROW agreement (a copy of the form Easement Payment Schedule is available upon request.)
- c) Developer shall provide proof, to AEP's satisfaction, that the landowner has the full right and authority to grant the ROW.
- d) Developer shall be responsible, at its sole cost and expense, to record the ROW agreement, complete and with Exhibits attached, in the appropriate county recorder's office within five (5) business days of execution. Developer assumes the risk if any ROW agreement is not recorded prior in time to a transfer or lien which, depending upon applicable state law, could affect the validity of the ROW agreement acquired for AEP. Developer shall provide AEP a copy of the recorded ROW agreement promptly after it is recorded. In the event Developer obtained the ROW in its name, Developer shall be responsible for executing a written assignment of the ROW to the appropriate AEP company, in a form acceptable to AEP.

5. ACQUISITION OF REAL ESTATE IN FEE SIMPLE – SUBSTATION/SWITCH YARD SITES

Developer shall acquire RE in accordance with AEP policies. Compliance with AEP policies are necessary to protect AEP's interest as the ultimate owner of the RE. AEP has a substation/switch yard site selection guideline available upon request. Following this guideline will avoid delays in the interconnection process.

Additional information is available in the Connection Requirements for the AEP Transmission System. This is located in the AEP Transmission Studies and Requirements area on the Required Postings page of AEP.com:

<https://www.aep.com/requiredpostings/AEPTransmissionStudies>

5.1. Landowner Negotiations

- a) In all dealings with landowners, Developer shall use ethical business and good faith negotiation practices.
- b) Developer must submit a transmission line siting study and/or substation site selection study for AEP's review and approval and resolve all of AEP's comments, to AEP's satisfaction, *before acquiring RE*. See general requirements under *Section 3. Siting Requirements*.
- c) Developer shall provide AEP, for its review and approval, a copy of the proposed purchase agreement at least ten (10) days in advance of executing the agreement with the landowner (the "Purchase Agreement"). Developer shall not agree to any terms which would allow the landowner to reserve any rights on the RE (hereinafter defined) ultimately to be transferred to AEP, without AEP's prior approval.

5.2. Site Due Diligence

- a) Developer shall provide to AEP an American Land Title Association (ALTA) survey, prepared, and stamped by a licensed professional surveyor, depicting all easements and encumbrances listed in the Title Report (as defined in 5.4(a)), and located on the RE.
- b) Phase I: Developer shall, at its sole cost and expense, obtain a Phase I environmental site assessment on the RE that satisfies ASTM Standard E1527-13 (or most recent standard), entitled "Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessment Process," and US EPA's All Appropriate Inquiry standards, as set forth in 40 CFR Part 312. The Phase I shall be provided to AEP ninety (90) days in advance of Developer closing on the RE with the landowner. Both the Developer and AEP shall be assigned User Reliance. Developer shall upon AEP's request perform a Phase II environmental site assessment if AEP determines, in its sole discretion, that additional investigation is warranted.

Developer shall be responsible for remediation of all environmental issues, including but not limited to asbestos abatement and building demolition, identified in the Phase I and Phase II

environmental studies, at its sole cost and expense. Developer shall, in the course of performing such remediation, ensure full compliance with all applicable environmental laws regarding the storage, transportation, and/or disposal of any soil, groundwater, or other materials removed from the RE.

Developer shall be responsible to ensure the RE is not in violation of any Environmental Law, as defined below. Developer shall ascertain that: (i) there is not a presence on or about the RE of any Hazardous Materials, as defined below; (ii) there is no release or threatened release of any Hazardous Materials for or affecting the RE; and (iii) there is no investigation or proceeding by any governmental agency concerning the presence or alleged presence, release or threatened release of Hazardous Materials on or about the RE. The term “Environmental Law” includes any federal, state or local law, ordinance or regulation pertaining to health, industrial hygiene, waste disposal, or the environment, including, without limitation: the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the federal Superfund Amendments and Reauthorization Act of 1986, the federal Resource Conservation and Recovery Act of 1976, the federal Clean Air Act, the federal Water Pollution Control Act and federal Clean Air Act of 1977, the federal Insecticide, Fungicide and Rodenticide Act, the federal Pesticide Act of 1977, the federal Toxic Substances Control Act, the federal Safe Drinking Water Act, the federal Hazardous Materials Transportation Act, and any amendments thereto and regulations adopted and publications promulgated pursuant thereto. The term “Hazardous Materials” includes oil and petroleum products, asbestos, polychlorinated biphenyl, radon and urea formaldehyde, and any other materials classified as hazardous or toxic or as pollutants or contaminants under any Environmental Law.

- c) Developer shall, at its sole cost and expense, obtain a geotechnical study (“Geotech Study”) for the RE. Study should include a review of the RE, relative to potential geologic hazards (landslides, landslide susceptibility, karst, scour, expansive soil, etc.), historical mineral extraction activity and any other previous activities (such as mining, fill disposal, etc.) that may affect the suitability of the site. Developer shall provide AEP, for its review and approval, the scope of the Geotech Study 30 days before borings commence and provide the final report ninety (90) days in advance of Developer closing on the RE with the landowner. Developer shall resolve all of AEP’s comments to the Geotech Study scope and final report, to AEP’s satisfaction in its sole discretion, before closing on the RE. Should the initial Geotech Study results not meet AEP’s satisfaction, the Developer agrees to conduct additional studies to meet AEP requirements.
- d) Developer shall permit AEP and its agents, representatives, engineers, contractors and subcontractors from time to time, after the full execution of the Purchase Agreement, to enter the RE for the purposes of inspection, survey, taking of measurements, marking of test borings, preparation of plans or other tests of surface and subsurface conditions or other environmental and other studies or appraisals, and generally for the ascertainment of the condition of the RE and the obtaining of such information and data as AEP may deem necessary or advisable.

5.3. Permits and Approvals for Real Estate Acquisition

- a) Developer shall be responsible to secure a lot split and/or combination of parcels.
- b) Developer shall be responsible, at its sole cost and expense, to identify and obtain all applicable permits to the extent related to Developer's responsibilities in the IA (collectively "Permits and Approvals"). The Permits and Approvals shall include, but not be limited to, any and all federal and state approvals, including asbestos, demolition, wetland/stream, zoning, subdivision, RE development, storm water, floodplain/floodway, highway occupancy, and building code approvals (See Environmental Permits and Compliance below for more information).
- c) Developer shall provide to AEP, at least thirty (30) calendar days in advance of the initial submission to the applicable governmental reviewing agency, and five (5) calendar days in advance of any subsequent submission, a copy of any and all plans and submissions associated with the applications for the Permits and Approvals (collectively the "Plan"). AEP shall provide Developer with comments, if any, to such submissions. Developer shall also provide to AEP copies of any engineer review letters relating to its Plan, any other review or comment letters relating to Developer's Plan and all of Developer's responses thereto. AEP shall provide Developer with comments, if any, to such submissions. Developer shall provide AEP with drafts of any and all submissions of resolutions of approval of Developer's subdivision and RE development plan so that AEP may determine whether Developer's approval will have an impact on AEP's future ownership of the RE and AEP shall provide Developer with comments, if any, to such submissions.
- d) Developer shall comply, at its sole cost and expense, with all applicable Permitting Requirements, regardless of whether those requirements extend beyond the date of transfer.
- e) In the station design, the Developer shall account for stormwater runoff in a manner acceptable to AEP and in compliance with state, county, and local requirements. Stormwater runoff resulting from the proposed stations should be detained on-site according to the requirements of the residing jurisdiction stormwater management ordinance. If a property will be transferred to AEP, when a wet or dry bottom detention facility is required to be constructed to temporarily detain the stormwater runoff that exceeds the maximum peak release rate authorized by the ordinance, AEP strongly prefers a basin be designed and constructed for each station if the site allows. Each station basin must function independently. Any exceptions must be approved in advance by AEP. If a shared detention facility cannot be avoided, AEP and the Developer must finalize a maintenance agreement and drainage easement prior to the start of construction.

5.4. Clear Title

- a) Developer shall, at its sole cost and expense, obtain a 100-year title search ("Title Report")

for each parcel of RE it intends to transfer to AEP. Developer shall provide AEP, for its review and approval, the applicable Title Report ninety (90) days in advance of Developer closing on the RE with landowner. Developer shall resolve all of AEP's comments and objections to the Title Report, to AEP's satisfaction in its sole discretion, before closing on the RE.

- b) The Title Report shall include a copy of all leases, whether recorded or unrecorded, which affect all or a portion of the RE. AEP will not accept the RE unless all of the leases on the RE are terminated prior to Developer transferring the RE to AEP.

5.5. Real Estate Transfer

- a) Closing to transfer the RE from Developer to AEP shall occur at a time consistent with the requirements of the Interconnection Agreements, but in any event, shall not occur prior to AEP's approval of the RE and any necessary approvals to transfer have been issued. For Option-to-Build projects, as set forth in Section 5.6, the transfer of the RE and ROW to AEP occurs simultaneously with the transfer of the facilities. If the above standards have not been met by the Developer, the transfer of the Option-to-Build facilities may be delayed.
- b) Prior to closing, Developer shall ensure that the Phase I investigation is current and meets the requirements of 40 CFR 312.20(a) and (b); if all are updated as necessary so as to be in effect at the time of closing and certified to AEP.
- c) Unless otherwise agreed by AEP, title must be conveyed by delivery of a general warranty deed in an AEP approved form.
- d) Taxes shall be apportioned pro rata for the RE as of date of closing, which apportionment shall be based upon the actual fiscal years of the taxing authorities for which the subject taxes are levied. If the RE requires a lot split, Developer shall remain responsible for paying all taxes until the taxing authorities register the split.
- e) All closing costs, including, but not limited to, rollback, agricultural and transfer taxes imposed by any governmental body shall be paid by Developer.
- f) Developer shall provide good and indefeasible title, insured by an AEP approved title insurance company. Developer is responsible for the costs of the title insurance.
- g) Developer agrees to execute and/or deliver to AEP at closing any and all affidavits and documentation required by the AEP approved title insurance company or required by law.
- h) Deed preparation and acknowledgement, and preparation of any necessary easement assignments are to be paid by Developer, prepared by AEP using the AEP approved forms.
- i) The title insurance company shall record the documents pursuant to closing instructions provided by AEP, or jointly provided by AEP and Developer ("Closing Instructions") and return electronic copies to AEP immediately upon recording. Developer is responsible for all recording costs.
- j) The title insurance company shall issue its final title policy with standard exceptions removed within 30 days of closing.

5.6. Facilities Closing

If the Developer has elected to construct transmission facilities under an Option-to-Build, the following apply to the transfer of the RE and facilities:

- a) AEP and Developer shall enter into a transfer agreement based on a form to be provided by AEP. The transfer agreement will address the closing requirements for the transfer of both the RE and the facilities constructed by the Developer.
- b) The closing is generally expected to occur after the interconnection transmission facilities are placed in service. The Developer shall execute such agreements as required by AEP to operate the facilities until such time as ownership is transferred to AEP.
- c) At the closing of the transfer of ownership, the parties shall exchange fully executed copies of the applicable conveyance documents (such as bill of sale, assignment, and assumption agreement, RE documents, and any other documents required to effectuate the transfer of real or personal RE interests).

6. ENVIRONMENTAL PERMITS AND COMPLIANCE

In order to avoid unnecessary delays and costs to interconnection projects, the Developer shall submit the related permits; permit documentation, including permit applications, and supporting professional environmental studies to AEP. Permits and studies must be submitted as early as possible. When Developers acquire RE or ROW, AEP has a legitimate and vested interest on behalf of itself and its customers in ensuring the proper environmental permitting and compliance actions are conducted on both fee-owned RE and within ROW that will ultimately be turned over to AEP as part of the IPP's project development.

Compliance with federal, state, county and local environmental permits is the minimum requirement for the planning, design, and construction of any project. However, compliance with basic legal obligations is not adequate to ensure that the project will meet the operational consistency, safety, and reliability requirements of the AEP system. This ensures that AEP can operate the project in a manner consistent with the operation of the existing BES and that AEP can integrate the project into the normal operation and maintenance requirements of the BES across AEP's footprint.

Before RE can be transferred, Developer must provide AEP with copies of all completed permits, disposition of each permit, and environmental studies for the RE. It is recommended that permits and environmental studies are submitted to AEP for review and acceptance prior to being submitted to the appropriate agency for approval. Any special conditions required for the approval of the permits, or any conditions resulting from approval of the permits, must be reviewed, and accepted by AEP prior to the acceptance of the permits.

Proper environmental permitting and environmental compliance affects customer satisfaction, environmental stewardship, regulatory relations, the proper functioning of a site, and ensures that

AEP and its customers are not exposed to unnecessary legal and operational costs or delays in acceptance of the facility and/or ROW.

AEP recognizes that the Developer may initiate coordination with AEP at different stages of project development. The permitting review level and requirements for any transfer depend on the stage of development of the interconnection project and whether the developer will be selecting the Option-to-Build the interconnection transmission facilities for transfer to AEP. The following sections present general environmental requirements for all asset transfers, for those where AEP will perform construction efforts on RE or ROW provided by the Developer, and for those instances where the Developer will choose the Option-to-Build.

6.1. General Requirements

The following apply to any entity planning to transfer assets to AEP as part of an interconnection process.

- a) **RE / ROW Access:** For any RE or ROW that Developer plans to transfer to AEP, Developer shall permit AEP's employees, agents, representatives, engineers, contractors and subcontractors to enter the RE for the purposes of inspection, survey, monitoring, taking of measurements, marking of test borings, preparation of plans or other tests of surface and subsurface conditions or other environmental and other studies or appraisals, and generally for the ascertainment of the condition of the RE and the obtaining of such information and data as AEP may deem necessary or advisable.
- b) **Government Contacts:** The Developer must keep AEP informed of meetings with municipal, county, state, tribal and federal regulatory/permitting officials during the project development process. These meetings shall be held early in the process before permits are developed and submitted.
- c) **Studies:** Any professional environmental studies prepared to support federal, state, county or local permits shall be made available to AEP in order to keep AEP informed of resources located on the RE. In addition to the environmental studies, the Developer must make available to AEP all electronic locational data of the resources identified by those studies.
- d) **Permits:** The Developer must provide copies of all environmental permits obtained or associated (pre-existing) with the facility or RE and corresponding permit application/package submitted to the permitting agency. The environmental permit information shall include any monitoring/restoration plans and conservation easements.

6.2. Real Estate / Right of Way Transfer – AEP Construction of Interconnection Facilities

For situations in which the Developer is transferring RE and/or ROW for AEP to construct required interconnection facilities, Developer is responsible for providing an evaluation of the suitability of the site for construction of the necessary infrastructure. This evaluation should include:

- a) A description and any associated documentation concerning the environmental, cultural resource, and regulated waste studies, inventories, reviews, or remediations that were conducted in evaluation of the RE or ROW.
- b) A list and map of all sensitive environmental and cultural resource features or hazardous waste sites on the RE or ROW to be transferred.
- c) A list of all federal, state, county, and local regulatory Permits and Approvals, including but not limited to, local building permits, state approvals and/or certificates, environmental permit and compliance requirements that will be required for construction of the associated facilities and suitability of the site for compliance with the list of Permits and Approvals. Typically, compliance with state, county, and local permits will dictate the design and layout of a facility and may limit constructability of a site.
- d) Any permits that have already been secured related to the proposed site, including agency-imposed permit conditions/conservation easements and any and all field studies or investigations that were conducted as part of the review and acquisition of the site.
- e) An evaluation of any potential approval risks or mitigation requirements and estimated costs associated the federal, state, county, and local regulatory Permits and Approvals for the RE to be transferred and proposed facility.
- f) An evaluation of local transportation and access considerations that were reviewed and considered in the evaluation of the suitability of the site for construction of the necessary interconnection infrastructure.
- g) Developer must disclose any environmental or cultural mitigation areas or easements on the RE that would limit the use of the RE for construction.

6.3. Option-to-Build

If Developer selects the Option-to-Build, Developer is responsible for identifying and acquiring any and all of the environmental and construction permits necessary to construct the facilities. Developer shall coordinate with AEP early in the process (before submittal of permitting packages) to ensure the Developer meets this responsibility.

As part of the permitting process, environmental studies required by the permitting agencies are the responsibility of the Developer. However, AEP has a vested interest in ensuring that permits acquired, and conditions agreed to are acceptable and consistent with AEP policies and practices and avoid long-term operations and maintenance challenges and costs. The Developer should contact AEP as early as possible, as AEP will provide guidance as needed as the project moves forward. Early coordination efforts to ensure compliance with AEP requirements for permitting will reduce the potential for future delays.

- a) Prior to the acquisition of the RE, AEP requires the Developer to identify all environmental studies required to be completed, Permits and Approvals needed and to provide the complete list to AEP for acceptance prior to the Developer initiating any environmental studies or permit activity. AEP also requires all environmental studies, permit packages and special conditions associated with a permit to be reviewed by AEP prior to submitting to

federal, state, county, or local agencies.

- b) As part of the project development, Developer is responsible for conducting all necessary environmental studies, soil borings, identifying all required Permits and Approvals, and obtaining all required Permits and Approvals in compliance with all local, county, state, and federal environmental regulations and best management practices (“BMPs”). Developer is responsible for maintaining full environmental compliance, including agency and permit commitments and site mitigation requirements necessary throughout project execution.
- c) Developer is responsible for identification, development of permitting packages, and acquisition of all required Permits and Approvals as well as compliance with all applicable laws, including environmental regulations and responding to any agency permit updates/renewals/completion notifications. Environmental permit conditions and regulations shall be conveyed to AEP and Developer shall strictly adhere to, and document compliance with, any such conditions and regulations. Any and all Permit and Approval fees and any required mitigation costs shall be paid by Developer. Unless otherwise agreed to by AEP, the following concepts shall be applied to all permit packages-for purposes of illustration the concepts are grouped by key permits; the key permits packages listed below are not meant to be an exhaustive list of all required permits for a project:
 - i. Storm Water
 - Storm water controls shall comply with federal, state, county, and local requirements.
 - The information contained in this document is supplemental to and does not intentionally conflict with or supersede the NEC, NESC, IEEE 1547, IEEE 1547.1, IEEE P2800, IEEE P2800.1, or such federal, state, county and municipal laws, ordinances, rules, or regulations as may be in force within cities, towns, or communities. It is the responsibility of the Developer to conform to all applicable requirements.
 - The Developer shall provide to AEP documentation from the Developer’s engineer of record that the design of the project complies with all applicable permits.
 - Shared permanent stormwater control facilities are to be avoided. If specific site conditions require shared facilities, Developer shall consult with AEP prior to the submittal of any stormwater related plan or permit application and shall implement, through appropriate legally enforceable documents, appropriate allocation of management responsibility for shared facilities.
 - To the extent practicable, Developer should use existing roads to access the ROW or RE.
 - Post construction storm water controls shall not be directly connected to a government storm water system unless approved by AEP.
 - Developer must avoid complex post construction storm water management systems. The storm water flows shall all be gravity flows with no use of pumps or lift stations unless specifically approved by AEP.

- All required storm water easements will be obtained and transferred to AEP as part of the transfer of ownership of the RE or ROW.
 - Developer to provide to AEP the approved Storm Water Pollution Prevention Plan and supporting calculations to be used during construction.
- ii. Wetland/Stream/Surface Water Permits
- Documentation of jurisdictional resources identified for avoidance and any buffer areas as presented to the agency with map and electronic data to be provided to AEP.
 - Permit package and impacts shall be updated/verified by the Developer prior to construction beginning. Timing of verification should allow sufficient time to coordinate any necessary modification of impacts with the regulatory agencies. The Developer is responsible for coordination with the permitting agencies any updates, changes or permit modifications. Developer must provide updated impacts prior to Developer going to the regulatory agency for permit modification.
- iii. Floodplain Permits
- Developer must not construct any interconnection in a regulated floodplain and floodway fill without the approval of AEP.
 - The Developer will be responsible for obtaining and maintaining a current floodplain permit and associated mitigation measures for as long as they own the RE/facilities.
- iv. Mitigation Plans: Any mitigation plans that may extend beyond the transfer of the RE must be approved by AEP. Examples may include Clean Water Act conditions, Protected Species, Wetlands, Streams, Cultural Resources, and Other Natural Resources.
- d) Regardless of permitting requirements, site development requires an evaluation of alternatives that avoid, minimize, or mitigates the impacts of regulated resources, including impacts to threatened and endangered species and cultural resources. Therefore, the Developer will:
- i. Prior to permitting, coordinate with AEP to identify appropriate mitigation efforts, and obtain acceptance by AEP prior to submittal of Mitigation Plans to any federal, state, or local agencies.
 - ii. Purchase applicable offsetting credits from a third party; or employ an In-Lieu-Fee program if available; or develop, monitor, and maintain offsets on RE owned and maintained by Developer or its assignee (only if permit is held in developer's name post construction).
 - iii. The mitigation site(s) (e.g., wetland mitigation, habitat mitigation/restoration, stream enhancement, etc.) is not to be located within or adjacent to the ROW or RE unless specifically accepted by AEP, nor shall it be part of the final RE to be transferred to AEP. Any such mitigation agreements or development restrictions should include language to permit the future crossing with electrical infrastructure and maintenance activities related to electrical infrastructure.

- iv. Developer shall enter into a contractual arrangement with AEP obligating Developer to maintain the mitigation site in perpetuity at the Developer's cost.
 - v. AEP shall not accept ownership or any obligation to manage mitigation sites or to monitor any permit obligations unless agreed to by AEP.
 - vi. Developer is responsible for keeping permits up to date, renewed and in full compliance to all applicable and current regulatory requirements.
- e) Post Construction Storm Water Maintenance ("PCSM") – Developer shall incorporate the following considerations into all PCSM Plans:
- i. Adherence to the stormwater runoff requirements listed in Section 3.1.
 - ii. To the extent possible, permanent PCSM obligations, when required, will be minimized. Permanent PCSMs will only be allowed on fee-owned substation/switchyard properties to be transferred to AEP.
 - iii. If PCSM obligations in the Permits and Approvals application will extend beyond a requirement to inspect twice per year, AEP approval will be required before submittal of application.
 - iv. All linear projects (i.e., transmission line rebuild/builds) shall be permitted such that restoration is the only PCSM requirement. There shall be no ongoing or permanent PCSM or other long-term permit obligations utilized with a transmission corridor or ROW without agreement by AEP. Any long-term permit obligations will remain the responsibility of the Developer.
 - v. In the event of a slip prone area is known prior to construction or develops post construction the Developer is responsible for engineering a solution that is acceptable to AEP and landowner. In the event a slip occurs in the first-year post restoration is complete the Developer shall be responsible for an engineered solution and payment of restoration efforts.
- f) Spill Prevention and Control and Environmental Emergency Planning:
- i. Spill Prevention Control and Countermeasure ("SPCC") – The Federal Oil Pollution regulations in 40 CFR Part 112 require that certain facilities that store or use oil on-site prepare a SPCC plan. Developer shall ensure compliance with the applicable regulations and alert AEP when any RE, ROW, or facility to be turned over to AEP is being designed that will have a total of 1,320 gallons of oil storage (including storage of oil in electrical equipment), or a change in oil filled equipment for an existing facility. If required, Developer shall develop and issue the SPCC plan prior to the project's "in service" day, in compliance with all applicable laws. A digital copy of the plan shall be provided to AEP in a form that is editable (e.g., MS Word). AEP will not accept ownership of the RE, ROW or facility without this plan. If Developer determines that a SPCC plan is not required, a detailed explanation shall be provided to AEP describing the reasons for the determination.
 - ii. Emergency Planning and Community Right-to-Know Act ("EPCRA") – Developer is required to comply with many environmental regulations dealing with chemical tracking, storage, and reporting. EPCRA was created to help communities plan for

- iii. emergencies involving regulated substances. Developer shall ensure full compliance with EPCRA, such as ensuring that a complete listing of all Tier II chemicals is maintained and kept available permanently on-site (e.g., battery acid) and applicable documentation is filed with state and local agencies.

6.4 Permit Closure

For an Option-to-Build project, Developer shall coordinate a site review with the AEP environmental compliance representative-prior to coordination with the agency of jurisdiction. Developer shall invite the AEP environmental representative to a final project closure walk down to sign-off on all environmental aspects before the final regulatory permit closure documents are processed and before the interconnection facilities are turned over to AEP for operation. AEP environmental compliance representative may provide a list of items needing addressed prior to permit closure, transfer and/or acceptance. The Developer shall address these items prior too coordination with the agency of jurisdiction.

Prior to acceptance of any RE, ROW, or facilities by AEP, Developer shall close all open Permits and Approvals that require closure or termination per conditions and process of the permitting agency. A closed Permit and Approval shall mean the time after applicable appeal periods have closed, and after the expiration of any applicable maintenance periods required by the permit. If a permit is transferred, the transfer process must be complete in accordance with authorizing agency. Developer shall also provide AEP the following:

- a) A copy of all final Permits and Approvals (including supporting information such as applications, agency correspondence, reports, studies, and documentation of mitigation). At a minimum, Developer shall provide a PDF of each document.
- b) A copy of the approved "As Built" permit drawings.
- c) Copies of documentation of the PCSM compliance and maintenance plan.
- d) Copies of all storm water easements, maintenance commitments and related records; including recording information.
- e) Copies of permit closure documentation, correspondence, related environmental studies used to obtain permit or prepared as a result of construction, disposition of permit commitments, and final acceptance by regulator.